

A Focused Response to Workforce Training to Support Economic Development and Job Creation

Submitted jointly by workforce leads at Missouri Community Colleges

Problem Statement:

Missouri has established an enviable record in providing workforce training as part of its economic development incentive package. The partnership between the Department of Economic Development, Division of Workforce Development and the State's twelve community college districts has been strong and effective in serving new and retained employers in Missouri. In most areas this partnership is extended to local economic developers as well. Missouri's job training programs are well managed at the state level and by the local community colleges. Employer response to the quality of the training delivered has been positive. Missouri has also been innovative in creating revenue streams to fund large scale workforce training initiatives including establishing the Missouri Community College New Jobs Training (MCCJTP) and the Missouri Retained Jobs Training Program (RJTP).

In FY 2010 the Missouri Customized Training program served nearly 47,000 workers in 418 projects at an average wage of \$19.52 per hour. In that same year the New Jobs Training Program served over 1100 workers in five new projects at an average wage of \$16.38 while the Job Retention program served nearly 1800 workers in two new projects at an average wage of \$18.38 per hour. Given the regulatory and policy parameters of the programs and the traditional assumptions about economic development strategy, the programs have been used effectively. **However, given new economic realities and the need for innovation in economic development and job creation, new approaches will be needed to move Missouri forward.** The following are characteristics of current programs and policies that we need to address:

1. Current programs require that a specific employer be expanding or relocating in Missouri or in danger of relocating from the State. They are not designed to prepare a workforce that will attract a business to Missouri or support the growth of an entire industry cluster.
2. There is not currently a strategy to target industry clusters or key occupations/skills within an industry cluster.
3. The programs are, in most cases, delivered to a specific employer by a single training institution rather than promoting development of a network of companies within an industry sector, economic development agencies and other supporting training providers.
4. Eligibility requirements, funding policies and application and reporting processes tend to be rigid and complex and may not provide the flexibility to serve the needs of a particular target industry cluster.
5. Although the community colleges provide a network of strong and effective training providers, there are opportunities to strengthen the network by maximizing sharing of resources and capabilities.

Innovative programs such as the New Jobs and Retained Jobs training programs, are key economic development programs in Missouri's approach to providing employers with job training incentives.

However, the approach has remained relatively unchanged since their inception in the 1980's. Without a new, pro-active approach to economic development, particularly moving from job training to talent development, and adopting an industry sector approach, Missouri will continue to struggle to create new jobs and retain our existing workforce.

Best Practice:

In today's economic development environment employers are evaluating locations in terms of the existing workforce and the skills they bring to their particular industry. They want to locate in areas that already serve companies in their industry sector to take advantage of supply chains, including education and training. They are looking for local educational institutions and existing training programs that fill the pipeline with workers trained for that industry. **Where gaps remain, programs like Georgia's Quick Start Training Program provide turn-key solutions to providing a trained workforce on the ground and at start-up, all accomplished with a minimum of paperwork.**

Missouri has a foundation in place from which a new model of economic and workforce development can be built. Missouri has a vibrant community college system with a strong history of economic and workforce development. A system of career centers across the state serve job seekers and employers and is well positioned to screen and assess applicants for training or employment. The Division of Workforce Development is staffed by many experienced workforce professionals who have developed partnerships with the community colleges and the career centers. Although random acts of collaboration occur often, a more coherent strategy is needed to maximize these assets. This strategy must be based upon three principles: ***Targeting, Collaboration and Flexibility.***

Targeting:

Missouri's targeted industry sectors should be the focus of the State's economic development and workforce development strategy. Many states are making these sector strategies the core of their workforce and economic development approach. Sector strategies have been developed in response to the shortcomings of traditional economic and workforce development policies that Missouri experiences, including:

- Single-employer focus
- Arbitrary boundaries
- Lack of meaningful employer engagement
- Lack of coordination among key stakeholders
- Limited focus on job quality

(Source: NGA Center for Best Practices, Issue Brief "State Sector Strategies: Regional Solutions to Worker and Employer Needs" 2006)

Successful sector strategies can be characterized as:

- Focusing on a regional approach to serving the workforce needs of key industries in a regional labor market;

- Guided by the state industry sector strategy and informed by real time workforce intelligence from the state and local level;
- Engaging key stakeholders in a partnership to drive economic competitiveness through aligning economic development, workforce development and education planning;
- Addressing the needs of employers and workers through designing customized solutions for incumbent workers, training new workers for an industry sector and training that is related to emerging skills and occupations within the cluster.

States including Massachusetts, Michigan, Pennsylvania, Indiana, Louisiana and Washington have successfully adopted such industry /sector- based strategies.

Recommendation 1. Missouri should adopt an economic and workforce development strategy that focuses on targeted industry sectors on a statewide and regional basis. Resources should be targeted to provide comprehensive support to employers in those sectors including directing or redirecting public resources and incentivizing private resources to help those sectors sustain and grow.

Collaboration:

Another principle upon which economic and workforce development policies and programs should be based is collaboration, rather than competition, among key stakeholders. The NGA Issue Brief cited above describes the lack of coordination among stakeholders in regional labor markets and the silos of policy and programs that impact economic and workforce development. These program silos, along with cultural differences among institutions, inhibit collaboration. More importantly, a lack of a coherent vision and shared priorities limits a region's or a state's ability to grow and prosper.

Among the key stakeholders that should be involved in this collaboration are K-12 education; higher education; state and local economic development; the public workforce system (career centers); business and industry (including industry- based organizations such as MOBIO) and local government.

Community colleges play a critical role in these collaborative partnerships because of their position at the intersection of academic and technical preparation to prepare a future workforce , including helping dislocated workers transition to new careers, and customized training to support job creation and retention. Community colleges are also leaders among educational institutions in acquiring and using workforce intelligence because of their close and continuing relationship with local employers and their familiarity with public and private sources of labor market information. Community colleges have the potential to be an important resource to small business and entrepreneurs through training and technical assistance, including applied research. Although Missouri's twelve community college districts are independent institutions they have a history of collaborating to achieve broader goals. Current examples of this are the Caring for Missourians and Training for Tomorrow programs. The community college "system" is Missouri's delivery system for workforce education and job training for economic development. Partnered with other key stakeholders, Missouri community colleges play an important role in workforce and economic development. However the potential of community colleges has not been maximized because they are primarily designed to respond to local needs and key state workforce programs are structured to deliver services by geography rather than expertise.

Recommendation 2. Key stakeholders within regions should work to establish a common vision and shared priorities for economic and workforce development and develop a “plan” in which all stakeholders can play a part.

Recommendation 3. Community Colleges should be encouraged and incentivized to collaborate among themselves on a statewide and regional basis to deliver common instruction and help each other support regional or state economic development initiatives through shared resources and technical assistance.

Recommendation 4. Centers of Excellence should be established within selected community colleges for key industry sectors or disciplines based upon a particular college’s expertise and experience. These Centers of Excellence will serve as the focal point for shared resources and technical assistance to other community colleges.

Recommendation 5. Missouri should establish quality standards for community colleges (and other local education agencies as appropriate) based on accepted principles and best practices for economic and workforce development. Using a process of continuous improvement, every community college should work towards meeting these standards.

Flexibility:

Missouri’s job training incentive programs were designed to incent individual employers, across a broad spectrum of industries, to create or retain jobs. They were not designed to take a holistic approach to supporting targeted industry clusters within regions. Because of limited resources available to serve many employers within several industries, program administrators have been forced to adopt many policies and practices for the purpose of managing scarce resources and virtually unlimited demand. Coupled with regulatory and legislative requirements, these practices have resulted in a paperwork- intensive and somewhat inflexible program. Employers are reimbursed within certain limits for certain costs associated with training related to a specific expansion or retention project over a fixed period of time.

Successful sector strategies are based upon innovative and flexible approaches to serving the comprehensive talent development needs of the targeted industry sector. Examples of this type of approach might include:

- More flexible incumbent worker programs including a priority on consortia of employers within a sector who come together with a community college or other LEA to address common training needs. More flexible funding policies, including investment in equipment, facilities and development cost should be part of this approach;
- Development of programs to create and fill the pipeline of future workers for an industry cluster including certificate and degree programs and short term pre-employment training for specific employers or groups of employers;
- Developing “stackable” certificates that allow workers and low-skilled adults to earn a series of industry recognized credentials that can be stacked one upon the other eventually leading to a degree;
- Support for “work-based learning” including internships for students and externships for faculty to spend time in the industry setting;

- Support for small businesses and entrepreneurs who have the potential to serve as the supply chain for a particular industry cluster; and
- Support for research and development of new and emerging skills and occupations critical to sustaining an industry cluster.

Funding this approach cannot be based solely on the appropriations granted to the Department of Economic Development or the tax credit programs for job training. It should include the alignment of resources across several funding streams as well as coordinating with private, foundation and federal grants. New economic realities require a targeted focus on the strategic industries that will drive our regions and the state while being flexible and innovative on the ways that we support those industries.

Recommendation 6. Coupled with a targeted focus on strategic industry clusters, Missouri should review and evaluate its current workforce development and job training programs for their ability to serve the comprehensive needs of an industry cluster in ways that are flexible, innovative and responsive.

Recommendation 7. Missouri should develop resources to support targeted industry clusters by aligning resource across agencies, programs and funding streams and leveraging private, foundation and federal grants.

Performance Measurement:

Key stakeholders should be responsible for developing the metrics of successful performance in the region or state. However they might include:

- Production, sales and/or revenue growth of employers within the industry sector;
- Productivity, quality and/or customer satisfaction metrics;
- Employment growth in the industry sector within the state or region;
- The attraction of other employers in the industry cluster to the state or region;
- The development of an adequate supply chain in the state or region;
- The ability to find qualified labor and fill critical employment needs;
- Measures of responsiveness to the employers by other key stakeholders including education and economic development.

Summary:

We believe that new economic realities and a globally competitive environment require new approaches to economic and workforce development. Missouri community colleges have always played a critical role in economic and workforce development and we stand ready to play such a role within a new strategy. We believe that we are among the key stakeholders in the success of job creation and retention in Missouri. Indeed, our communities are depending on it.